

"BUSINESS ETHICS" DOES NOT SPELL "ROBBERY"

Among the comments on the disclosures concerning the management of insurance companies in New York, none is more entertaining than that made in "Public Opinion" of September 23. "Public Opinion" says that these practices "appear devious if not technically illegal." Then it says:

The truth is that modern business has developed so rapidly on the practical side that our ethical code has not been able to keep pace with it. Business men have seen plainly enough the advantage of pursuing this or that policy, but since they are better trained in "doing" than in thinking, they have not correlated their newer methods with the general conceptions of what is best for mankind as a whole. In modern business on a large scale the effects of financial operations are taken account of rather in their relations to companies, corporations, or general business than in their relations to individuals. Hence ethical considerations which are perfectly plain where individuals are concerned have often been lost sight of. There has been a confusion of thought about these questions. The confusion has been worse confounded by men who, having a glimmer of the true relations of things, have preferred the material bliss of continued ignorance to the personal consequences that might come from squarely facing the situation. It is time for clear thinking. Business ethics must go through a process of readjustment to new conditions.

It is absurd to say—as "Public Opinion" does in effect say—that it is possible for men to be so busy that they forget to be honest, or that an increase in the volume or range of business necessarily means a decrease in the size of the business man's conscience. The practices exposed in the insurance inquiry do not represent business; they do not represent the development of commerce. They come under the head of larceny—larceny on a large scale, to be sure, but larceny nevertheless. In these insurance company transactions the "effects of financial operations" were taken account of "in their relations to the individual," and the men who engineered the deals saw to it that the money went into the pockets of the preferred individuals. These men were not indulging in "the material bliss of continued ignorance." They had for many years exercised control over United States senators and members of the house of representatives; they had exercised control over lawmakers, courts and executives, and in several presidential campaigns, posing as champions of the national honor and as defenders of the business interests of the country, they aided very

materially in pulling the wool over the eyes of the majority of the American people. They thought they were licensed to prey upon the helpless people whose money was entrusted to their care, and even now, in the face of all the serious revelations concerning the dishonesty of these men, some people are greatly offended when it is suggested that they be taken to the criminal courts to answer for their crimes. Indeed, some object to the demand made by policyholders that Mr. McCall retire from his position as president of his company, while others protest when it is suggested that Chauncey M. Depew surrender his commission as a member of the United States senate.

"Public Opinion" is mistaken if it believes that business ethics must go through a process of readjustment. There are hundreds of thousands of successful business men all over this world today who could not be induced under any circumstances to engage in the dishonorable practices pursued by those valiant contributors to republican campaign funds.

"Deal honestly, hurt nobody, and give every one his just due"—that is descriptive of business ethics as we were taught it at the mother's knee, as we learned it from the honest merchant in the counting room or as it is understood by the men in all vocations of life—and the thief on the highway as well as the robber in insurance circles, understands the rule.

When an officer of the Mercantile Trust company, wrote to the Equitable and asked for \$600,000, and then the same man as an officer of the Equitable signed checks paying the money to the Mercantile Trust company—that was not business ethics. It was one of the worst cases of frenzied finance.

When Chauncey M. Depew drew from the Equitable society a salary of twenty thousand dollars a year, ostensibly as an "attorney," but in reality as a participant in the "divide," and when that \$250,000 loan was made on the Depew town lots, that was not business ethics. It was so far removed from business ethics that Mr. Depew should long ago have been driven from the United States senate.

Directors of an insurance company paid \$80,000 for two old corporation charters. Organizing upon these charters two trust companies they issued stock and sold nearly one-third of this stock to their insurance company at five times its par value. That was not in line with business ethics. It was plain stealing.

Directors of several of these insurance companies used their policyholders money to organize syndicates, and paying over these trust funds to subsidiary companies they reaped an enormous profit at the expense of the policyholders. There was no business ethics about

that. It was robbery on a large scale.

The president of one of these insurance companies testified that he had paid \$100,000 of the policyholders' money to one Andrew Hamilton, and was unable to give any account as to the disposition of the money. No business ethics there. Simply, in polite terms, the misappropriation of other people's money.

The president of one of these companies testified that he paid the republican national committee in three presidential campaigns nearly \$150,000. This money belonged to the policyholders, many of whom were not in sympathy with the republican party. This unauthorized use of the policyholders' money was not in line with business ethics. It was characteristic of the highwayman who requires his victim to stand and deliver.

The president of an insurance company paid out of his policyholders' money \$326,000 for the purpose of compensating a trust company for the loss it had sustained in a certain speculation. Every one knows that that was not in line with business ethics. Who will say it was not plain theft.

It has been shown that one of these insurance companies used policyholders' money to engage in enormous speculations and then paid to outsiders posing as brokers from one-half to two-thirds of the profits. No one will seriously claim that that was in line with business ethics, and few will seriously deny that it was dishonesty.

Testimony before the insurance committee has disclosed that accounts and annual statements of these insurance companies have been frequently falsified in order that the public might be deceived. Such falsification does not point to a necessity for an improvement in business ethics, but suggests rather that somebody ought to be sent to the penitentiary.

The revelations of the iniquities which have for many years been indulged in by these frenzied financiers are so serious that they call for prompt and unequivocal condemnation rather than anything that may be construed as an apology. The highwayman who covers his victim with a pistol and requires him to deliver property, the burglar who breaks into the dwelling house to take that which does not belong to him, the pick-pocket who sneaks the valuables of his victim—these are handled without gloves. Why should any more mercy be shown the well-dressed rascal who robs the widows and orphans among his policyholders of money with which to build up gigantic syndicates, and then robs these widows and orphans of more money for the benefit of a political party that will shield him in his lawlessness—all the time pretending that he is the protector of these helpless creatures rather than the despoiler of their hard-earned savings.

CONSTITUTION AND DECLARATION

The policies of this nation must be controlled by the principles upon which the nation was founded if popular government is to survive. Justice Matthews of the United States supreme court, delivering an opinion which has since been approvingly quoted by Justice Brewer said:

"When we consider the nature and theory of our institutions of government, the principles upon which they are supposed to rest and review the history of their development, we are constrained to conclude that they do not mean to leave room for the play and action of purely personal and arbitrary power. The first official action of the nation declared the foundation of the government in these words: 'We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness.' While such declaration of principles may not have the force of organic law, or be made the basis of judicial decision as to the limits of right and duty, and while in all cases reference must be had to the organic law of the nation for such limits, yet the latter is but the body and the letter, of which the former is the thought and the spirit. And it is always safe to read the letter of the constitution in the spirit of the Declaration of Independence. No duty rests

more imperatively upon the courts than the enforcement of those constitutional provisions intended to secure that equality of rights which is the foundation of free government."

The importance of linking together the Declaration of Independence and the constitution is shown in recent American history. So long as we read our constitution, frame our laws and conform our executive action in accordance with the spirit of the declaration every individual and every interest subject to United States jurisdiction is safe. There is danger when the two are separated.

The republican party has separated the constitution from the declaration, and having weakened the structure to that extent has not hesitated to repudiate the constitution as it has repudiated the declaration. Every constitutional paragraph that has conflicted with the purpose of republican leaders has been violated. The legislative powers granted exclusively to congress have repeatedly been usurped by the executive. In the face of an explicit prohibition in the constitution an export tax has been levied, and in the arrangement of tariff duties preferences have been given to one port over another. Treaties have been undertaken by the executive alone, and without the advice of the senate. The right of trial by jury has been denied to the people of our new possessions; and although our constitution declares that there shall be no slavery in the United States or any place subject to their jurisdiction, the republican party is responsible for the agreement wherein it was provided that

on territory subject to United States jurisdiction—territory over which the American flag floated—slaves should have the privilege of purchasing their freedom by "paying to the master the usual market price."

PAUL MORTON'S PHILOSOPHY

We are told by Harper's Weekly that Edward Lefevre asked Paul Morton, president of the Equitable Life Assurance society, "What is your philosophy of life?" Mr. Morton replied: "Did you ever hear the western advice, 'So live your life each day that you can at any time look any damn man in the eyes and tell him to go to hell?' That's my philosophy of life."

The ability to follow Paul Morton's philosophy does not necessarily imply upright conduct. John A. McCall, George W. Perkins, Richard A. McCurdy, and every one of these insurance magnates who have been converting to their own use the money of their policyholders have, at least by their conduct, given to their helpless victims Paul Morton's more or less eloquent admonition. All the time they have not only been able to "look any — man in the eyes," but they have actually pretended to have a monopoly upon the patriotism and the integrity of the country. Paul Morton's philosophy couched in Paul Morton's choicest language is very "fetching," but not every man who has indulged in that philosophy is possessed of immaculate virtue. Such philosophy is sometimes put forth for the purpose of concealing dishonest schemes already accomplished and in the hope of making possible the plans of plunder for the future.